

## Message Text

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PAGE 01 ALGIER 01969 061029Z

ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 SOE-02 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 DOE-15 H-02 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 OES-07 SP-02

SS-15 STR-07 TRSE-00 ACDA-12 INRE-00 ICAE-00

SSO-00 NSCE-00 DOEE-00 /128 W

-----029889 061035Z /23

O R 060949Z JUL 78

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC IMMEDIATE 8775

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY STOCKHOLM

AMEMBASSY TUNIS

AMEMBASSY VIENNA

AMCONSUL ORAN POUCH

UNCLAS ALGIERS 1969

E.O. 11652: N/A

TAGS: ENRG, AG

SUBJECT: ALGERIAN LNG SALES

REF: STATE 169659

1. OFFICIAL DAILY EL MOUDJAHID FOR JULY 4 CARRIES ALGERIAN PRESS SERVICE STORY TO THE EFFECT THAT BRIGITTA/THYSSENGAS CONTRACT WITH SONATRACH FOR FOUR BILLION CUBIC METERS OF LNG A YEAR HAS BEEN "CONFIRMED" AND "MADE VALID" ("RENDU EXECUTOIRE") BY THE GERMAN AND ALGERIAN AUTHORITIES. CONTRACT HAD BEEN CONTINGENT ON GAS BECOMING AVAILABLE THROUGH CANCELLATION OF PENDING US CONTRACTS OR OTHERWISE.

2. STORY GOES ON TO SPECULATE ("ON CROIT SAVOIR") THAT THIS

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PAGE 02 ALGIER 01969 061029Z

DEVELOPMENT IS RESULT OF DELAY IN US APPROVAL OF EL PASO II AND TENNECO CONTRACTS. STORY ALSO REPORTS THAT SONATRACH "HAS DECIDED" TO OFFER THE EL PASO II AND TENNECO GAS TO BUYERS IN OTHER MARKETS AND NAMES SWEDEN (2 BILLION CUBIC METERS A YEAR), AUTRIA (2 BILLION), FRANCE (5 BILLION), TUNISIA (1.5 TO 2 BILLION) AND YUGOSLAVIA (2 TO 3 BILLION) AS CUSTOMERS FOR WHICH CONTRACTS ARE ABOUT TO BE SIGNED OR ARE BEING NEGOTIATED. FINALLY, STORY SAYS SONATRACH

NOW HAS FIRM CONTRACTS FOR 47.6 BILLION AS LNG AND 12.4 BILLION AS PIPELINE GAS, LEAVING ONLY 10 BILLION OF SONATRACH'S 70 BILLION OF PLANNED EXPORT CAPACITY STILL AVAILABLE.

3. COMMENT: STORY THUS DOES NOT DIRECTLY SAY THAT EL PASO II AND TENNECO CONTRACTS CANCELLED BUT IMPLIES THAT THERE WILL BE GAS AVAILABLE FOR ONLY ONE OF THE TWO AND THAT THERE MAY SOON BE GAS FOR NEITHER.

4. WE NOTE ALSO THAT PRESIDENT BOUMEDIENE'S JULY 4 MESSAGE TO PRESIDENT CARTER (SEE SEPTTEL) PLACES SPECIAL EMPHASIS ON US/ALGERIAN ECONOMIC COOPERATION.

5. WE ALSO NOTE THAT ALTHOUGH EL MOUDJAHID REFERS TO EXPORT CAPACITY OF 70 BILLION, WE FIGURE IT (ALGIERS 789) AT 78.6, NOT COUNTING A POSSIBLE "LNG-4" (5 BILLION) IN ARZEW.HAYNES

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LPG, SALES  
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